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Research News for the U.S. Travel Industry

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TRAVEL PRINTOUT

US Travel Data Center

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Summer Travel Stabilizes after Tremendous Growth in 1988

Following last year's record-breaking levels for the same period, overall summer travel in the U.S. stabililzed in 1989. July, and August travel totalled 428 million person-trips virtually unchanged since 1988, according to the Data Center's National Travel Survey. (A person-trip is one person traveling 100 miles or more away from home.)

After a large increase of 9 percent in 1988, 1989 summer vacation travel leveled off at 321.5 million person-trips.

Business travel for these summer months was particularly strong with 68.6 million person-trips reported. However, pleasure travel declined moderately as Americans took an estimated 324.5 million pleasure person-trips.

"It is conceivable that pleasure travel was actually somewhat stronger, since business travel rose considerably and business and pleasure travel often overlap," suggested Elizabeth Stewart, manager of survey research at the Data Center.

Air travel also decreased this summer, but by a margin of less than one percent. One factor affecting this decrease was higher ticket prices which were up 9 percent year-to-date, according to William Jackman, assistant vice-president of public information at the Air Transport Association.

"Air travel has been growing at double digit rates year after year. It is the beneficiary of a robust economy, and this year the economy is not as strong. As a result, air travel, especially domestic, flattened out. Bookings are up for the holiday season; however, and air travel is beginning to look stronger."

In spite of a drop in pleasure person-trips, hotel-related travel increased by a solid 3.6 percent. In fact, the summer racked up over 194 million hotel person-trips.

Summer auto person-trips also stabilized from the previous year's substantial increase. Unchanged for 1988, this summer counted 340 million person-trips.

Jerry Cheske, public relations director for AAA, credits this leveling trend to several factors. One factor was an increase in the gas tax. Before Memorial day weekend, this accounted for an 18 cents higher gas price than during the same time in 1988. He also mentioned the slow growth of the economy, lower auto sales, and higher unemployment as affecting auto person-trips.

"There is no inherent weakness in the travel market. Last year was such a strong year that this leveling off does not indicate a bad year," warned Cheske.

Average duration of trips decreased a little to 4.4 nights away from home during the summer of 1989. Last year's average duration away was 4.8 days. The average round-trip distance was 871 miles; whereas, last summer it was 946 miles.

August travel was down nearly 5 percent compared to August 1988. Vacation declined by 4 percent; while weekend, auto, and pleasure travel experienced larger declines. The number of hotel-related trips, however, approximated last August's figures. Again, these decreases reflect a stabilizing of growth after a tremendous growth spurt in the industry last year.

The National Travel Survey summer reports, 1989 Summer Travel Market Close-up and Executive Briefing, will be available shortly. They are $90 and $65 respectively. For members, the copies are free and will be sent at no extra charge. For more information, contact Elizabeth Stewart at (202) 293-1040.

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Lower Lodging and Fuel Prices Drop Cost of Travel in September

The cost of travel in the U.S. fell 2.3 percent during September due to a significant decrease in lodging and motor fuel prices, reports the Data Center's latest Travel Price Index (TPI).

The TPI, which measures seasonally unadjusted changes in the cost of travel in the U.S., reached 126.0 (1982 - 84 = 100) in September.

For comparison, the overall cost of goods and services purchased by Americans as measured by the Consumer Price Index (CPI) rose 0.3 percent to 125.0.

Travel Price Index and Components

September 1989 TPI Component	Monthly % Change August to September 1989	Annual % Change September 1988 to September 1989
Transportation	-1.3	6.3
Airline Fares	0.1	5.7
Other Intercity Trans.	-0.5	3.3
Intracity Public Trans.	0.0	3.6
Motor Fuel	-2.4	6.9
Lodging	-7.7	2.2
Food and Beverages Away From Home	0.6	4.7
Entertainment	0.8	9.4
TRAVEL PRICE INDEX	-2.3	4.5
CONSUMER PRICE INDEX	0.3	4.3

Source: US Travel Data Center and the U.S. Bureau of Labor Statistics

Leading the decline in travel costs for the month, lodging prices dipped 7.7 percent, while motor fuel costs fell 2.4 percent. This drop in gasoline prices spurred a 1.3 percent drop in overall transportation costs for the month. Airline fares rose just 0.1 percent.

The cost of food and beverages purchased while traveling rose 0.6 percent in September; entertainment prices increased 0.8 percent.

Over the past twelve-month period, the TPI climbed 4.5 percent, led by a 9.4 percent jump in entertainment costs and a 6.9 percent increase in motor fuel prices. The CPI rose 4.3 percent for the same period. ♦♦

Travel Review Conference to be Held

The fourth annual Travel Review Conference will be held on February 5, 1989, at the Hyatt Regency Hotel in Washington, D.C. Travel industry experts will review travel trends in 1989 so that the industry and marketers can better strategize for the coming years. The conference is a joint effort by the Data Center, the Travel and Tourism Research Association (TTRA), and the U.S. Travel and Tourism Administration (USTTA).

Dr. Suzanne Cook, executive director of the Data Center, will look at national and regional trends in U.S. domestic travel in 1989, and Don Wynegar, director of the Office of Research at the USTTA, will review 1989 international inbound and outbound travel.

Transportation trends for 1989, including air, auto, bus and rail travel, will be presented by Alan Pisarski, transportation policy consultant. Heidi Mathisen, marketing research manager for The Boeing Corporation, will discuss developments in airplane manufacturing during the past year. Marshall Murdaugh, President of the New York Convention and Visitor's Bureau will give the luncheon address.

Other travel segments to be covered at the Travel Review Conference include:

- U.S. and Canadian attractions
- Lodging
- Food service and restaurants
- Travel by disabled persons
- Cultural travel

Pre-conference registration fees for members of the Data Center, TTRA members and attendees of the USTTA International Tourism Conference are $155; others pay $175. Registration at the conference will be $195. Students pay just $95. Make checks payable to TTRA and send to:

Travel & Tourism Research Association
P.O. Box 58066
Salt Lake City, Utah 84158

For more information contact Vernon Azucenas of the Data Center at 202/293-1040. ♦♦

TEIM Update

Plans are underway to incorporate a forecasting component into the Data Center's Travel Economic Impact Model (TEIM), the only working model that provides estimates of the economic significance of travel spending in the U.S. This new element will help produce similar projections for up to five years into the future.

The addition of the new forecasting component is just one part of the entire $150,000 project to

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(continued from page 2)
update and revise the TEIM. The model was established in 1973 and has been updated on an annual basis since then.

Projected information about the effects of dollars spent on travel in the U.S., including employment, payroll and taxes generated, will help marketers at all levels to develop more effective marketing strategies.

For more information about the TEIM and its capabilities, contact Dr. William Fleming, manager of economic research, at 202/293-1040. ♦♦

1990 Travel Outlook Forum Highlights

J. Kay Aldous, vice president of public and government services for the AAA, spoke about the deterioration of the nation's transportation infrastructure at the 1990 Travel Outlook Forum held on October 3 in Hollywood, Florida.

"Our transportation infrastructure is crumbling," Aldous said, "60 percent of the nation's roads need resurfacing and 40 percent of bridges over 20 feet long are either structurally deficient or obsolete."

Also, he predicted that by the year 2000, 90 percent of the nation's interstate highways will need major work to remain useable.

To meet the nation's growing transportation needs over the next 20 years, highway spending by all levels of government would have to be doubled from the current level to nearly $100 billion a year.

According to Aldous, a new national transportation plan is due out in January. The plan is an effort of the Department of Transportation and coalitions of private and public sector organizations. He concluded that the plan "will require the support of everyone---the alternative is eventual total collapse of the transportation system and the entire economy."

♦ Also addressing the Travel Outlook Forum was William B. Johnston, director of the Workforce 2000 study at the Hudson Institute. Johnston discussed the changes in the service industry workforce as the year 2000 approaches.

He pointed to five demographic trends reshaping the workforce. These are the birth dearth, the middle aging of America, the feminization of work, the shift from the North to the South and West, and the changing complexion of new workers to include more minorities, immigrants, and women.

An increase in personal services as more double income families emerge and leisure time becomes more important will be a result of these changes. Another outcome will be a shift toward income-sensitive products and services.

The changing workforce will mean more competition for the best qualified workers, more investment in remedial training and education, and renewed concerns over equal opportunity.

♦ The Forum also featured David Meer, sr. vice-president of the Daniel Yankelovich Group. Meer related some of the demographic trends to travel consumption.

Referring to the U.S. consumer market as fragmented, Meer pointed out that the "whole concept of a broad consumer market or 'the average American' really doesn't hold much water anymore."

Market fragmentation comes from trends such as the erosion of the middle class, the aging of the population, non-uniform family structures, and the growth of cost cautious consumers.

Meer warns that the travel industry must move toward segmenting and targeting these markets: "This inevitably means choosing which segments to serve and which segments to let go."

He also foresees that information-hungry consumers will rely more on the services of travel agents. ♦♦

Visitor Volume at National Parks

Region	AUG 1989 visits	% Change from AUG 1988*	Year to Date % Change 1988/89*
NEW ENGLAND	2,858,405	9.2%	8.7%
MIDDLE ATLANTIC	4,316,213	10.7	1.4
SOUTH ATLANTIC	10,706,709	-4.9	-5.6
EAST SOUTH CENT.	2,467,317	-9.6	-4.6
EAST NORTH CENT.	1,122,989	-2.8	-3.9
WEST NORTH CENT.	2,042,373	4.8	4.0
WEST SOUTH CENT.	1,058,610	1.4	0.8
MOUNTAIN	7,158,988	6.1	3.2
PACIFIC	7,121,683	-3.9	-3.3
TOTAL	38,853,287	0.1	-1.6

* Percent change figures may not be consistent with those previously reported due to National Park Service revisions.

States compromising the census regions:
New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Middle Atlantic:** New Jersey, New York, Pennsylvania. South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **East South Central:** Alabama, Kentucky, Mississippi, Tennessee. **East North Central:** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **West South Central:** Arkansas, Louisiana, Oklahoma, Texas. **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific:** Alaska, California, Hawaii, Oregon, Washington.

Current Travel Indicators

CURRENT TRAVEL INDICATORS...1989	Month	Value	Units	Percent Change Last Month	Year Ago	Year To Date
Establishment Receipts or Retail Sales						
Hotels, Motels, Other Lodging Places(1)	Aug	$ 5,219	million	4.4	7.5	8.6
Eating and Drinking Places(2)	Aug	$13,710	million	-0.2	3.3	6.5
Gasoline Service Stations(2)	Aug	$ 9,075	million	-2.7	4.8	7.2
Commercial Lodging Demand						
Hotel/Motel Occupancy Rates(3)	Aug	63.5	percent	1.1	1.4	1.4
Real Demand for Commercial Lodging(4)	Aug	67.5	million	4.0	4.2	4.5
Airline Passenger Traffic (5)						
Domestic Revenue Passenger-Miles	Aug	31.9	billion	7.7	2.1	-1.0
Int'l Revenue Passenger-Miles	Aug	11.3	billion	4.6	6.5	9.2
Highway Traffic Volume (6)						
Rural Arterial Passenger-Miles	Aug	50.0	billion	-0.3	4.6	4.4
Rail Passenger Traffic (7)						
Amtrak Passenger-Miles	Aug	580.4	million	3.8	-1.3	3.8
Travel Price Index (1982 - 84 = 100) (8)	Aug	129.0		-0.7	5.5	5.4
U.S. Resident Travel						
Total Person-trips(9)	Aug	145.3	million	-4.7	-4.7	3.1
Vacation Person-trips(9)	Aug	108.6	million	-8.2	-3.8	4.6
Total Person-nights(10)	Aug	666.9	million	-5.9	-2.9*	-5.5*
Vacation Person-nights(10)	Aug	569.5	million	-6.9	-4.5*	-3.7*
Public Use of National Parks (11)						
Visits	Aug	38,853,287		-6.2	0.1	-1.6
Overnight Stays	Aug	3,308,918		-1.2	4.1	1.3
Foreign Arrivals to the U.S.						
From Overseas(12)	Jul	1,675,278		35.6	6.2	11.3
From Canada(13)	Aug	2,106,178		1.1	10.1	11.4
From Mexico(12)	Jul	159,222		70.8	5.2	21.2
U.S. Citizen Departures						
To Overseas(12)	Jul	N/A				
To Canada(13)	Aug	2,125,971		-2.8	-3.2	-4.8
Domestic Demand for Gasoline						
Barrels/Day(14)	Aug	7,585	thousand	3.7	0.4	-0.2

* The methodology for computing person-nights is being revised. As a result, 1989 data, beginning with the May survey, are not comparable with those of previous years. Adjustments in historical data will be made once changes in the methodology are completed.

(1) Source: Smith Travel Research, seasonally unadjusted. (2) Preliminary; revised monthly. Source: Bureau of the Census. (3) Source: Smith Travel Research, seasonally adjusted, 1986 and 1987 data have been revised. (4) Smith Travel Research, unadjusted room nights sold. (5) Preliminary; U.S. scheduled service air carriers. Source: Air Transport Association. (6) Preliminary; revised monthly. Source: Federal Highway Administration. (7) Source: National Railroad Passenger Corporation (Amtrak). (8) Source: US Travel Data Center and Bureau of Labor Statistics. (9) Source: US Travel Data Center. (10) US Travel Data Center. Data is not comparable to earlier published numbers due to revised methodology. (11) Preliminary; unadjusted for differences in reporting units. Source: National Park Service. (12) Source: U.S. Travel and Tourism Administration. Mexican data reflect I94 arrivals only. (13) Statistics Canada. (14) Preliminary; Source: U.S. Department of Energy.

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